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OES/SAT FOR MAXSTADT
EAP/J FOR WINSHIP
STAS FOR REYNOLDS
DOE FOR HARDING AND M.ROBERTS

E.O. 12958: N/A
TAGS: [PREL](#) [ENRG](#) [ITER](#) [TRGY](#) [KSQA](#) [JA](#)
SUBJECT: ITER: MORE ON FINALIZATION

REF: A. STATE 16118

[1](#)B. TOKYO 502
[1](#)C. STATE 13967

[1](#)1. (U) This is an action request. Please see paragraph seven.

[1](#)2. (SBU) On February 2, EST M/C and ESToff met with the Ministry of Foreign Affairs (MOFA) International Science Cooperation Office Director Kozo Honsei and others and delivered reftel demarche. Honsei thanked EST M/C for the clear USG commitment to use the IOIA for ITER as conveyed in the talking points which were left as a non-paper. Honsei said that it might be helpful to use the Record of Discussion document in Barcelona (as mentioned previously), but that Tokyo would talk with the other partners to see if it is indeed necessary or not. Honsei elaborated that some of the partners may have a preference to not produce a Record of Discussion from the Barcelona meeting. He said that the partners could work out how they would like to do this -- whether in the form of a Record or press release or something else -- at that meeting. In response to EST M/C's request for confirmation, Honsei agreed that the U.S. offer as described in reftel was sufficient to meet the GOJ's earlier request for a tangible confirmation.

[1](#)3. (SBU) Honsei also thanked Washington for the quick response to MOF's questions. MOF has some additional questions that are listed in paragraph six. Honsei asked for a response to the inquiry as soon as possible, but noted that the responses were not/not a precondition for the Barcelona meeting. He said that the answers were necessary to "fix the P&I agreement" because MOF will have to think about reciprocity when U.S. researchers come to Japan. He explained that all of the questions were due to the fact that this was the first time in Japan's experience that the IOIA agreement was being used in such a small organization. EST M/C reassured Honsei that the U.S. has managed to have the mechanism successfully work in other small international organizations that Japan may not be a part of in the past.

[1](#)4. (SBU) Turning away from P&I, Honsei then offered some additional points for consideration. He said that Tokyo faced another "headache" because of the Russian delegation's request for budget tables and definition of rules. Regarding a timetable, MOFA will still need to ask the legal department in the Cabinet Office to process the entire ITER agreement including the questions posed by the Russians. EST M/C underscored the importance of completing this process as soon as possible because of Congressional requirements and

deadlines in the United States. Honsei then asked if it would be possible to get an explanation of the 120-day timetable in the United States.

¶15. (SBU) Finally, Honsei said that the USG timetable to initial the agreement sometime in April is too quick for the GOJ. After the Barcelona meeting, MOFA will have to run the agreement through the interagency process in Tokyo especially in regards to the budget. He explained that it will be important to get a clear commitment from MOF because of the 35-year time frame and the large investment involved with the ITER project. ESToff asked if Honsei could offer a date by which Tokyo could initial the agreement, but he responded that he would need to further discuss the timing with MOFA's treaty division. Honsei assured EST M/C that the GOJ would do its best to find some way forward to finalize the text so that the U.S. timetable would not need to slip. He said that Japan would talk to the U.S. and others about this in Barcelona.

¶16. (SBU) Additional Questions from the Ministry of Finance

-- Regarding USG response A: do their "legal residents" in this context mean US nationals and permanent residents of the United States?

-- According to USG response C, "the purpose of the tax reimbursement agreement is to prevent double taxation." If there is no "internal tax" system inside a certain IO whose staff enjoy exemption of income tax, only U.S. national staff will be levied a U.S. national income tax. In that case, we understand that the USG will not reimburse the amount of their national income tax levied to U.S. national staff of the IO. Is this understanding correct?

-- If the response to the above question is yes, is another purpose of the tax reimbursement agreement equalization between U.S. staff and others inside the IO?

-- According to USG response D, our understanding is that the U.S. has concluded a tax reimbursement agreement with the IAEA. Is this correct?

-- When the United States concludes the tax reimbursement agreement with an IO, does the U.S. government reimburse all amounts of their national tax levied to US national staff?

¶17. (SBU) Action requested: Please provide responses to Japanese MOF questions as soon as possible.
SCHIEFFER